

## **ISRAEL ELWYN**

**Registered Amuta**

**Financial Statements**

**As of December 31, 2019**



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Youth & Young Adults Division  
Academy for Continuing Education

**David B. Marcu**  
Chief Executive Officer

**Margalit Piller**  
Chief Operating Officer

**Marvin S. Kivitz, Ph.D. z"l**  
Founding President



# **ISRAEL ELWYN**

**Registered Amuta**

**Financial statements**

**As of December 31, 2019**

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**AUDITORS' REPORT**  
**TO THE MEMBERS OF THE GENERAL ASSEMBLY OF**  
**ISRAEL ELWYN (Registered Amuta)**

We have audited the accompanying balance sheets of ISRAEL ELWYN (Hereafter - the "Amuta") at December 31 2019 and 2018 and the statements of operations and statements of changes in net assets and cash flows for the years ended on those dates. These financial statements are the responsibility of the Amuta's committee and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance) - 1973. Those standards require that we plan and perform our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Amuta's committee and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 2.1 the following financial statements are presented in nominal shekel values, rather than the reportable amounts as required by the Accounting Standards of the Israeli Accounting Standards Board.

In our opinion, subject to the exclusion of the information mentioned in the previous paragraph, the financial statements present fairly, in all material respects, the financial position of the Amuta at December 31 2019 and 2018 and the results of its operations and changes in net assets and cash flows for the years ended on those dates, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

*Aboulafia Avital Shrensky & Co*

**ABOULAFIA AVITAL SHRENSKY & CO.**  
**Certified Public Accountants**

**Date:** 20/5/20

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Balance sheets**

#### **(In thousands)**

		<b><u>As of December 31</u></b>	
		<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><u>Note</u></b>	<b><u>NIS</u></b>	<b><u>NIS</u></b>
<b><u>Current assets</u></b>			
Cash funds and bank balances	3	6,657	20,422
Marketable securities	4	25,794	17,169
Debtors for general activities	5	18,364	20,233
Accounts receivable and debit balances	6	348	417
Inventories	7	821	801
		<u>51,984</u>	<u>59,042</u>
 <b><u>Prepaid vehicle rental fees</u></b>			
		<u>136</u>	<u>292</u>
 <b><u>Fixed assets</u></b>			
	8		
Fixed assets		95,773	86,245
Cash designated for investment in fixed assets		3,332	1,939
		<u>99,105</u>	<u>88,184</u>
		<u>151,225</u>	<u>147,518</u>




The accompanying notes are an integral part of the financial statements.

# ISRAEL ELWYN

Registered Amuta

## Balance sheets

(In thousands)

		<u>As of December 31</u>	
		<u>2019</u>	<u>2018</u>
		<u>NIS</u>	<u>NIS</u>
<b><u>Current liabilities</u></b>			
Employees and institutions regarding salaries	9	17,890	16,495
Suppliers and service providers	10	2,893	3,505
Accounts payable and credit balances	11	329	1,027
		<u>21,112</u>	<u>21,027</u>
<b><u>Long-term liability</u></b>			
Employee termination benefits, net	12	-	-
<b><u>Commitments and bank guarantees</u></b>			
	13		
<b><u>Net assets</u></b>			
<b><u>Unrestricted for use for current activities</u></b>			
Undesignated by management		24,838	22,517
Designated by management		1,602	10,804
Used for fixed assets		95,773	86,245
		<u>122,213</u>	<u>119,566</u>
<b><u>Temporarily restricted</u></b>			
	14	7,900	6,925
		<u>151,225</u>	<u>147,518</u>
<u>20/5/2020</u>			
Date of approval			
			
		Board Member	Board Member
		אילנה אבידור מ/ר	יובל יוכר
			

The accompanying notes are an integral part of the financial statements.

**ISRAEL ELWYN****Registered Amuta****Statements of operations****(In thousands)**

		<b>Year ended December 31</b>	
		<b>2019</b>	<b>2018</b>
		<b>NIS</b>	<b>NIS</b>
<b><u>Income from activities</u></b>	15	158,447	146,203
<b><u>Cost of activities</u></b>	16	147,738	132,797
Net income from activities		10,709	13,406
<b><u>General and administration expenses</u></b>	17	9,422	9,493
<b><u>Fundraising expenses</u></b>		414	437
Net income before finance, net		873	3,476
<b><u>Finance income, net</u></b>	18	1,275	283
<b><u>Capital loss</u></b>		-	(46)
Net income		2,148	3,713

The accompanying notes are an integral part of the financial statements.





**ISRAEL ELWYN**  
**Registered Amuta**

**Statements of changes in net asset**

**(In thousands)**

	Unrestricted net assets for use for current activities				Temporarily restricted net assets
	Undesignated by management	Designated by management	Used for fixed assets	Total	
	NIS	NIS	NIS	NIS	
<b>Balance at January 1 2019</b>	22,517	10,804	86,245	119,566	6,925
<b>Changes during the year</b>					
Net income for the year	2,148	-	-	2,148	-
Donations received	-	-	-	-	4,632
Temporarily restricted net assets released for Acquisition of fixed assets, net	-	-	499	499	(499)
Temporarily restricted net assets released for current activities	-	-	-	-	(3,158)
Transfer of unrestricted net assets released for acquisition of fixed assets	(3,415)	(9,240)	12,655	-	-
Transfers of funds to cover depreciation	3,626	-	(3,626)	-	-
Funds designated by management this year	(38)	38	-	-	-
	2,321	(9,202)	9,528	2,647	975
<b>Balance at December 31 2019</b>	24,838	1,602	95,773	122,213	7,900

The accompanying notes are an integral part of the financial statements.



# **ISRAEL ELWYN**

**Registered Amuta**

## **Statements of cash flows**

**(In thousands)**

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
<b><u>Cash flows - Current activities</u></b>		
Net income for the year	2,148	3,713
Adjustments required to show the true cash flow from current activities (Appendix "A")	(8,470)	(2,193)
Net cash provided by (used in) current activities	(6,322)	1,520
<b><u>Cash flows - Investment activities</u></b>		
Investment in marketable securities	(6,900)	-
Acquisition of fixed assets	(3,938)	(4,283)
Proceeds from sale of fixed assets	-	90
Prepaid investment from vehicle rental payments	156	(6)
Net cash used in investment activities	(10,682)	(4,199)
<b><u>Cash flows - Financing activities</u></b>		
Receipts from temporarily restricted net assets	4,632	5,843
Net cash provided by financing activities	4,632	5,843
Increase (Decrease) in cash and cash equivalents	(12,372)	3,164
Cash and cash equivalents at beginning of the year	22,361	19,197
Cash and cash equivalents at end of year (*)	9,989	22,361

(\*) Regarding cash designated for investment in fixed assets – see Note 3.

The accompanying notes are an integral part of the financial statements.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Statements of cash flows**

**(In thousands)**

### **Adjustments required to show the true cash flow from current activities (Appendix "A")**

	<b>Year ended</b>	
	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
<b><u>Non-cash income and expenses</u></b>		
Depreciation	3,626	3,978
Changes in employee termination benefits, net	(8,969)	(3,549)
Restricted net assets released for current activities	(3,158)	(5,784)
Capital loss from disposal of fixed assets	-	46
Decrease (Increase) in value of marketable securities	(1,725)	568
	<u>(10,226)</u>	<u>(4,741)</u>
<b><u>Changes in items relating to assets and liabilities</u></b>		
Decrease in debtors for general activities	1,869	729
Decrease in accounts receivable and debit balances	69	35
Decrease (Increase) in inventories	(20)	44
Increase in employees and institutions regarding salaries	1,148	3,239
Decrease in suppliers and service providers	(612)	(2,094)
Increase (Decrease) in accounts payable and credit balances	(698)	595
	<u>1,756</u>	<u>2,548</u>
	<u>(8,470)</u>	<u>(2,193)</u>
<b>Appendix B - non cash activities</b>		
Release of real estate property held in trust for the payment of severance pay	9,216	-
Reclassification of Beit Hanan property as fixed asset	(9,216)	-
	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 1 - General**

1.1 Israel Elwyn RA ("the Amuta") was established and registered at the Israeli Registrar of Amutot (as a non-profit organization "Amuta") in September 1983 as an extension of Elwyn Inc. ("Elwyn USA"). This relationship has been ended in 1999.

1.2 The Amuta supports 4,953 (in 2018 - 4,342) children, adolescents and grown-ups with developmental and other disabilities ("participants"), in the fields of, among others, early intervention, rehabilitation, supported living, employment training and job placement, in order to provide the means to enable people with disabilities to make their own decisions in their personal lives and extend their independence, as well as the capability to live and be included within the community.

The Amuta works towards the inclusion of adults in public workplaces, to help children with disabilities, where possible, avoid the special educational system and include them within the general education system, and the transfer of adolescents and adults with disabilities from residential services to more independent, normalized living within the general community.

The main source of the income of the Amuta is from maintenance fees receivable from the Ministry of Social Affairs and Social Services.

1.3 Central milestones in the activities of the Amuta:

- In 1988 the Amuta took over from the State, the management of three Jerusalem residential units for people with disabilities (previously known as the "Swedish Village").
- In 1999, the Amuta completed the building of the Sabbah Center, next to the Swedish Village in Jerusalem, where some of the occupational centers of the Amuta are situated.

1.4 The Amuta operates in five different frameworks within Israel, as follows:

- Jerusalem and South branch.
- Residential centers.
- Sharon and Center branch.
- Elwyn El Quds activities in East Jerusalem.
- Haifa and the North branch.

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 1 - General (Cont.)**

- 1.5 The Amuta operates the following activities:
- Early intervention for children up to age 3.
  - Afternoon programs at schools for children with disabilities.
  - Day care centers supporting the needs of adults and pensioners.
  - Residential centers.
  - Occupational training centers.
  - Enterprises promoting social and occupational initiatives.
  - Training and placement programs for supporting employment and rehabilitation.
  - Training institute for support and guidance.
  - Youth programs.
- 1.6 Membership in the Amuta is open to anyone who wishes to be a member and whose acceptance has been approved by the Board of the Amuta.
- 1.7 As of the date of signature of the financial statements, the Amuta Committee has 19 members, of these 14 are members of the Executive Committee.
- 1.8 The Amuta is recognised as a "Public Institution" according to the Income Tax Ordinance and as a "Non-Profit Organisation" as defined in the VAT Law (5736-1975). Donations to the Amuta are recognised for the purpose of Israeli tax credits under section 46 of the Income Tax Ordinance.
- 1.9 In the event of the winding-up of the Amuta, after payment of all its liabilities, its assets will be transferred to another Public Institution, as defined by of Section 9 (2) of the Israeli Income Tax Ordinance, whose objects are also exempt as defined by Section 501 (c ) (3) of the USA Income Tax Law or any similar section of future Federal Law, and may not be distributed among its members.
- 1.10 The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to non-profit organizations, subject to the regulations of the Israeli Accounting Standards Board as they relate to accounting principles and financial reporting for such organizations.
- 1.11 The Amuta raises funds according to its needs and plans for progress in projects carried out during the same year.
- 1.12 Following the crisis of the Corona epidemic that broke out in March 2020, the Ministry of Social Affairs stopped substantial activities in the Amuta, and as a result the Amuta decided to put 644 of its employees on unpaid leave. The Amuta's management expects the Amuta's revenues to decrease by 8%, and its expenses to be reduced by 10% mainly due to the reduction in wages by 6%. According to the cash flow forecast prepared by the Amuta's management, there should be no harm to the Amuta's financial stability.



# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 2 - Accounting policies**

The principal accounting policies which were applied in the preparation of the financial statements are as follows:

#### **2.1 Historical cost**

The financial statements were prepared on the agreed basis of historical cost in nominal values.

#### **2.2 Use of estimates**

The preparation of the financial statements, in accordance with generally accepted accounting practices, requires management to use estimates and assumptions, which impact the reported values of assets and liabilities, as well as income and expenses during the period. The actual results may differ from these estimates.

#### **2.3 Cash funds and bank balances**

Cash funds and bank balances include bank deposits, available for immediate withdrawal, as well as unrestricted fixed-period deposits, with maturities of three months or less from the time of investment.

Regarding cash designated for investment in fixed assets, see Note 2.7.

#### **2.4 Marketable Securities**

Marketable securities are stated at their value on the stock exchange at the balance sheet date.

#### **2.5 Promised Donations receivable for Projects**

This relates to promised donations not yet received by the balance sheet date which are attributed to temporarily restricted net assets, as long as the following conditions have been met:

- There is an unconditional and irrevocable undertaking from the donor, relating to the year being reported.
- The undertaking was kept following the balance sheet date.
- The performance of the promise is not conditional on a future event.

#### **2.6 Inventories**

The inventories are reported at cost, which is fixed using the FIFO ("first in – first out") basis.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 2 - Accounting policies (Cont.)**

#### **2.7 Fixed assets**

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	<u>%</u>
Fully owned buildings	2-10
Investment in buildings under license	2-10
Vehicles	15
Furniture and equipment	7-33
Computers	25-33

Government grants that were received in order to finance a portion of the investments in buildings and equipping, are represented net of the cost of the buildings and furniture and equipment.

Amounts received with the stipulation the funds used is for investment in fixed assets are not included in cash and cash equivalents but as a separate item in fixed assets called "cash and other investments designated for investment in fixed assets".

#### **2.8 Government grants**

Government grants received from the National Insurance Institute and municipal authorities are used for the construction of buildings owned and renovations of buildings that are licensed to the Amuta.

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 2 - Accounting policies (Cont.)**

##### **2.9 Net assets**

2.9.1 The part of the net assets of the Amuta which is unrestricted, either temporarily or permanently by the donors, is shown as Unrestricted Net Assets, for use for current activities which is undesignated by management.

2.9.2 Amounts which have been used for acquisition of fixed assets from sources which are unrestricted have been transferred from unrestricted net assets, for use for current activities to unrestricted net assets, used for fixed assets.

Amounts representing the depreciation charge have been shown as a transfer from Unrestricted Net Assets, used for fixed assets to Unrestricted Net Assets, for use for current activities.

2.9.3 Amounts which have been received whose use has been restricted by the donor is shown as temporarily unrestricted net assets. At the time when the restrictions have been removed, the amounts released are shown, according to the restriction of the donors, either as transfer of unrestricted amounts used for fixed assets or, in the statement of activities, as income arising from amounts released from restricted net assets to current activities.

##### **2.10 Recognition of income and expenses**

- Income from independent activities is attributed to the statement of operations on an accrual basis.
- Donations which are not restricted by the donors are reported in the statement of operations on a cash basis.
- Expenses are attributed to the statement of operations on an accrual basis.

##### **2.11 Reduction in asset value**

The Amuta implements accounting standards 15 – reduction in asset value, as appropriate for non-profit organizations in accordance with accounting standards 36.

According to these standards, the Amuta puts in place systems in order to ensure that the assets in the balance sheet are not shown at a value greater than their net reliable value, which is the higher of purchase price and the value-in-use of the asset.



# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 2 - Accounting policies (Cont.)**

#### **2.12 Services received free of charge**

The financial statements do not reflect services received for free of charge.

#### **2.13 Exchange rate and linkage basis**

2.13.1 Balances according to indexation arrangements for which the determinant is the index available ("Known") are reported according to the Known Index at the balance sheet date.

2.13.2 The following is the data relating to the US dollar:

	<b><u>Exchange rate</u></b>		<b><u>Rate of change</u></b>	
	<b><u>As of</u></b>		<b><u>For Year ended</u></b>	
	<b><u>December 31,</u></b>		<b><u>December 31,</u></b>	
	<b><u>2 0 1 9</u></b>	<b><u>2 0 1 8</u></b>	<b><u>2 0 1 9</u></b>	<b><u>2 0 1 8</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>	<b><u>%</u></b>	<b><u>%</u></b>
U.S. Dollar	3.456	3.748	(7.8)	8.1

2.13.3 The following is the data relating to the Consumer Price Index (CPI):

	<b><u>Index in points</u></b>		<b><u>Rate of change</u></b>	
	<b><u>As of</u></b>		<b><u>For Year ended</u></b>	
	<b><u>December 31,</u></b>		<b><u>December 31,</u></b>	
	<b><u>2 0 1 9</u></b>	<b><u>2 0 1 8</u></b>	<b><u>2 0 1 9</u></b>	<b><u>2 0 1 8</u></b>
	<b><u>Points</u></b>	<b><u>Points</u></b>	<b><u>%</u></b>	<b><u>%</u></b>
Index "in respect of"	102.7	102.1	0.6	0.8
"Known" index	102.7	102.4	0.3	1.2

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 3 - Cash funds and bank balances**

	<b>As of December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
Shekels - cash	124	73
Shekel current accounts	9,061	17,782
Foreign currency current accounts	800	3,902
Shekel deposits	-	600
Foreign currency deposits	4	4
	<u>9,989</u>	<u>22,361</u>
Less: Cash designated for investment in fixed assets	<u>(3,332)</u>	<u>(1,939)</u>
	<u>6,657</u>	<u>20,422</u>

### **Note 4 - Marketable securities**

#### 4.1 Composition -

Stock	3,684	1,190
Mutual funds	3,192	2,244
Government bonds	9,890	7,559
Corporate bonds	7,893	4,705
Corporate bonds in foreign currency	244	800
Deposits	649	313
Cash	<u>242</u>	<u>358</u>
	<u>25,794</u>	<u>17,169</u>

4.2 As of April 21, 2020, the value of marketable securities investments decreased by approximately 6% following the crisis of the Corona epidemic.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 5 - Debtors for general activities**

	<b>As of December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
Ministry of social affairs and social services	13,155	13,756
Ministry of health	857	925
Local municipalities	134	190
National insurance institute	215	64
Customers for employment of participants	848	835
HMO's	1,241	1,052
Checks receivable	32	74
Parents of participants	-	15
Promised donations receivable for projects	1,882	3,322
	<u>18,364</u>	<u>20,233</u>

### **Note 6 - Accounts receivable and debit balances**

Prepaid expenses	282	337
Advances to employees	66	80
	<u>348</u>	<u>417</u>

### **Note 7 - Inventories**

#### **7.1 Composition -**

Food	41	31
Medication	32	32
Other consumables	748	738
	<u>821</u>	<u>801</u>

**7.2 Inventory for current use of service recipients.**

**ISRAEL ELWYN**  
**Registered Amuta**

**Notes to the financial statements**

**(In thousands)**

**Note 8 - Fixed assets**

**8.1 Composition -**

	<b>Fully owned buildings</b>		<b>Investment in buildings under license</b>		<b>Vehicles</b>		<b>Furniture &amp; Equipment</b>		<b>Computers</b>		<b>Total</b>	
	<b>NIS</b>		<b>NIS</b>		<b>NIS</b>		<b>NIS</b>		<b>NIS</b>		<b>NIS</b>	
<b><u>Cost-</u></b>												
Opening balance	55,972		41,898		1,953		32,671		1,970		134,464	
Release of Beit Hanan Property	9,216		-		-		-		-		9,216	
Additions this year	824		981		261		3,446		231		5,743	
Grant received this year	(561)		(66)		-		(1,178)		-		(1,805)	
	65,451		42,813		2,214		34,939		2,201		147,618	
<b><u>Accumulated depreciation -</u></b>												
Opening balance	13,412		7,574		1,305		24,261		1,667		48,219	
Depreciation for the year	674		780		259		1,768		145		3,626	
	14,086		8,354		1,564		26,029		1,812		51,845	
Net cost at December 31 2019	51,365		34,459		650		8,910		389		95,773	
<b><u>Cash designated for investment in fixed assets</u></b>	-		2,635		-		697		-		3,332	

**ISRAEL ELWYN**  
**Registered Amuta**

**Notes to the financial statements**

**(In thousands)**

**Note 8 -**      **Fixed assets (Cont.)**

8.2 Fixed asset are presented net of grants received from the National Insurance and municipalities as of December 31, 2019 amounting to approximately 46,936 thousand NIS.

In the year of this report, the Amuta received grants from government institutions amounting approximately 1,805 thousand NIS.

8.3 The Amuta owns 4 buildings.

In July 2014 the Amuta signed an agreement with the Director of residential properties in the Ministry of Finance, according to which the Amuta will hold the building "under license" until December 31, 2028.

For further details – see Note 13.1.9.

8.4 Regarding the agreement with the Ministry of Social Affairs and Social services concerning the license to the Amuta to receive and operate the three buildings – see Note 13.1.1.

8.5 In the reporting year, the Amuta converted the property in Beit Hanan, which had been held so far in a trust as a security for the payment of severance pay to employees, as the Amuta intends to release the property and transfer it as part of the association's fixed assets. For this purpose, the Amuta deposited approximately 9 million NIS in all the employees compensation policies to cover the full liability of the Amuta as of the balance sheet date.

At the end of the process of closing the Amuta's Liability for payment of severance pay, the Amuta reclassified the property in Beit Hanan as part of its fixed assets.

Actually, the formal process for releasing the asset from the trust takes about a year, but following the current state of the economy following the Corona epidemic the procedure might take longer.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 9 - Employees and institutions regarding salaries**

	<b>As of December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
Employees	6,943	6,863
Institutions regarding salaries	4,310	3,690
Provision for vacation	6,390	5,942
Provision for severance pay	247	-
	<u>17,890</u>	<u>16,495</u>

### **Note 10 - Suppliers and service providers**

Current balances	2,553	2,995
Checks payable	340	191
Fixed assets suppliers	-	319
	<u>2,893</u>	<u>3,505</u>

### **Note 11 - Accounts payable and credit balances**

Accrued expenses	318	969
Participants for salary and cash allowances (*)	3	44
Advances from parents of participants and others	8	14
	<u>329</u>	<u>1,027</u>

(\*) Net of deduction of bank balances totaling about 660 thousand NIS and about 710 thousand NIS at December 31 2019 and 2018 in accordance, which are used to pay the salaries and cash allowances for the participants.

### **Note 12 - Employee termination benefits, net**

12.1 Composition -

	<b>As of December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
Liability for payment of severance pay and dismissal	-	17,329
Less: amounts in designated deposit	-	(8,113)
Less: Value of real estate property held in trust for the payment of severance pay and dismissal	-	(9,216)
	<u>-</u>	<u>-</u>



# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 12 - Employee termination benefits, net (Cont.)**

- 12.2 The Amuta's liability for employee severance pay and dismissal is calculated based on the latest salary of each employee multiplied by the years worked, at the balance sheet date. This debt is covered by regular deposits into insurance policies designated for this purpose.

The sums which have accumulated in the insurance policies designated for the purpose of severance pay in the names of individual employees, and the severance liabilities which they cover are not reflected in these financial statements since the former are not under the control and management of the Amuta.

- 12.3 In 2019, the Amuta withdrew its compensation fund and deposited the funds into insurance policies on behalf of the employees for the remainder of its liability to them when most employees signed on section 14.

As of the signing of the financial statements, the Amuta has no liability to its employees and is working to release the real estate held so far as a security for the payment of severance pay to employees. See Note 8.5 for more details.

- 12.4 Most of the compensation money existing in insurance policies in the names of individual employees are invested in the capital market and there may be a significant decrease in value due to the decline in world stock markets following the crisis of the Corona epidemic. Therefore, by 2020, the Amuta may have a commitment to its employees who have not yet signed on Article 14.

#### **Note 13 - Commitments and bank guarantees**

##### **13.1 Commitments**

- 13.1.1 In 2013, the Amuta signed contracts in order to extend the original agreements, made in 1988 with the Ministry of Social Affairs and Social Services on basis of tenders ("the extension agreements"), for continuation of the management of the Swedish Village comprising of three residential centers, which occupy people with disabilities, including continuation of operating all residential centers.

According to the extension agreement the Amuta looks after people with disabilities referred to it by the Ministry of Social Affairs and Social Services to live in these residential units, in exchange for monthly maintenance fees payable for each participant, according to the terms of the agreement.



# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 13 - Commitments and bank guarantees (Cont.)**

##### **13.1 Commitments (cont.)**

###### **13.1.1 cont.**

The extension agreement also includes a provision for an additional monthly payment by the Ministry of Social Affairs and Social Services for each participant to cover ongoing maintenance of the residential buildings, the cost of which the Amuta undertook to cover itself for the duration of the period of the extension agreement, for repairs to the buildings and equipment, including damages arising from underlying defects in the buildings or infrastructure including the water, electricity, sewage, heating, roof systems etc.

According to the addendum to the agreement, the agreement will automatically renew for an additional period of one year, unless either party notifies the other, six months prior to the completion of the current extension, of its desire not to renew the agreement,

At the date of signing the financial statements, neither side has informed the other of their desire to end the agreement.

The net balance of the investment amounts in the residential buildings by the Amuta at December 31, 2019 NIS 21,151 which sum is shown as renovations in buildings under license as part of the Fixed Assets, less government grants attributed to the buildings.

13.1.2 The Amuta pays rent for buildings and apartments used in its activities throughout the country, for the periods as shown in the leases.

13.1.3 In May 2017, the Amuta signed an agreement the leasing of offices used by the management of the Amuta for a period of 3 years, which can be extended for another 3 years.

13.1.4 The Amuta signed an agreement with a leasing company for operating leases relating to vehicles used by employees for which monthly rental fees are payable and in accordance with the terms of the agreement.

At the date of signing the financial statements, the Amuta had leased 42 vehicles.

13.1.5 The Amuta provides leisure, recreational and physical therapy services to participants and charges fees for this, which are paid from a designated fund of the Israeli government funded by the National Insurance Institute.

13.1.6 The Amuta operates activities with a number of local municipalities in exchange for participation fees according to agreed amounts as per the agreements.

13.1.7 The Ministry of Social Affairs and Social Services refers candidates for acceptance within the Amuta's activities for periods subject to review and pays agreed maintenance fees accordingly.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 13 - Commitments and bank guarantees (Cont.)**

#### **13.1 Commitments (cont.)**

13.1.8 At the date of financial statements, the Amuta's commitments not yet paid, under contracts for projects not yet carried out, totaled 460 thousand NIS.

The Amuta has received promises from donors to cover the unpaid balance of the above obligations.

13.1.9 In July 2014 the Amuta signed an "under license" agreement for the maintenance of the Sabbah Center Building with the Director of residential properties in the Ministry of Finance under which the Amuta will hold the building under license until 31 December 2028.

#### **13.2 Bank guarantees**

As security for its commitments, the Amuta has produced to its customer's bank guarantees as of December 31, 2019 totaling 1,411 thousand NIS; as of December 31, 2018, the total was 1,466 thousand NIS.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 14 - Temporarily restricted net assets**

	<b>For activities</b>	<b>Investments in fixed assets</b>	<b>Total</b>
	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>
14.1 Composition -			
<b><u>Balance at January 1, 2018</u></b>	7,424	213	7,637
<b><u>Changes during 2018</u></b>			
Donations received	4,293	1,550	5,843
Sums released for activities	(5,784)	-	(5,784)
Sums used for investment in Fixed Assets	-	(771)	(771)
<b><u>Balance at December 31, 2018</u></b>	5,933	992	6,925
<b><u>Changes during 2019</u></b>			
Donations received	3,659	973	4,632
Sums released for activities	(3,158)	-	(3,158)
Sums used for investment in Fixed Assets	-	(499)	(499)
<b><u>Balance at December 31, 2019</u></b>	6,434	1,466	7,900

14.2 Over the years, the Amuta received donations from various organizations, primarily for designated projects, including renovations and construction of buildings for use by the Amuta.

The management of the Amuta decides on the use of these contributions in accordance with their designated purpose.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 15 - Income from activities**

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
<u>Independent activities</u>		
Maintenance	142,747	128,221
Leisure services, recreation and therapy	1,432	1,652
Participation from local municipalities	550	426
Medical services	7,576	6,515
Placement with customers	1,388	1,623
National Insurance Institute funded placement services	879	776
Parent's participation in activities	197	268
Others	329	798
	<u>155,098</u>	<u>140,279</u>
<u>Donations</u>	191	140
<u>Sums released to activities from restricted net assets</u>	<u>3,158</u>	<u>5,784</u>
	<u>158,447</u>	<u>146,203</u>

### **Note 16 - Cost of activities**

Salaries and related expenses	111,666	97,456
Food	8,409	7,986
Clothing, laundry and hygiene	1,531	1,483
Compensation to and treatment of participants	3,580	3,562
Transportation and travel	1,516	1,116
Communications	536	557
Vehicle maintenance	2,206	1,894
Cleaning and maintenance	11,614	12,117
Office expenses	2,894	2,469
Publicity	160	179
Depreciation	3,626	3,978
	<u>147,738</u>	<u>132,797</u>

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 17 - General and administration expenses**

	<b>Year ended</b>	
	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>NIS</b>	<b>NIS</b>
Salaries and related expenses	6,472	6,416
Office rental and maintenance	607	820
Vehicle maintenance	399	418
Professional services	514	662
Office expenses	538	330
Insurance	482	528
Refreshments	55	38
Conferences and overseas travel	232	254
Others	123	27
	<u>9,422</u>	<u>9,493</u>

### **Note 18 - Finance income, net**

Revaluation of Beit Hanan Property	-	715
Revaluation Central Severance Pay Fund	-	(82)
Revaluation of marketable securities	1,725	(568)
Exchange rate differences of Banks	(317)	329
Bank fees	(133)	(111)
	<u>1,275</u>	<u>283</u>

### **Note 19 - Principal Customers**

	<b>Percentage of Gross Income</b>	
	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Ministry of Social Affairs and Social Services	<u>90</u>	<u>88</u>

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 20 - Related parties**

		<b><u>As of December 31,</u></b>	
		<b><u>2019</u></b>	<b><u>2018</u></b>
		<b><u>NIS</u></b>	<b><u>NIS</u></b>
20.1 <u>Related parties balances</u>			
Current assets		<u>13,155</u>	<u>13,756</u>
		<b><u>Year ended</u></b>	
		<b><u>December 31,</u></b>	
		<b><u>2019</u></b>	<b><u>2018</u></b>
		<b><u>NIS</u></b>	<b><u>NIS</u></b>
20.2 <u>Transactions with related parties</u>			
Maintenance fee		<u>142,747</u>	<u>128,221</u>